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Combating the Illicit Use of Digital Assets



Since its creation in 1865, the United States Secret Service has been tasked with safeguarding the integrity of the nation's economy. Initial efforts focused on putting an end to rampant counterfeiting taking place in the years following the American Civil War, a time in which as much as 30% of circulating currency was thought to be illicit. As individuals and organized networks evolved and sought new ways to defraud the public, special agents and criminal investigators with the Secret Service have responded, applying their experience and expertise to preventing other financially motivated crimes such as illicit credit card schemes, fraudulent wire transfers, computer fraud and abuse, and, most recently, the illicit use of digital assets, including cryptocurrencies to facilitate crimes like [ransomware attacks](#).

What are digital assets?

The term digital assets refers broadly to representations of value in digital form, regardless of legal tender status. For example, digital assets include cryptocurrencies, stablecoins and nationally backed central bank digital currencies. Regardless of the label used, or the various definitions ascribed to them, digital assets can be used as a form of money or be a security, a commodity or a derivative of either. Digital assets may be exchanged across digital asset trading platforms, including centralized and decentralized finance platforms, or through peer-to-peer technologies.

Why does the Secret Service investigate the use of digital assets?

The Secret Service is responsible for detecting, investigating, and arresting any person who violates certain laws related to financial systems. In recent years digital assets have increasingly been used to facilitate a growing range of crimes, including various fraud schemes and the use of ransomware.

While the United States has been a leader in setting standards for regulating and supervising the use of digital assets for anti-money laundering and countering the financing of terrorism purposes, poor or nonexistent implementation of those standards in some jurisdictions abroad is presenting significant illicit financing risks that harm the American people and our foreign partners. For example, transnational organized criminals often launder and cash out their illicit proceeds using digital asset service providers in jurisdictions that have not yet effectively implemented international standards.

The ongoing growth in decentralized financial ecosystems, peer-to-peer payment activity and obscured blockchain ledgers presents additional risks to the American people and our foreign partners. When digital assets are abused and used in illicit ways it is in the national interest to take actions to mitigate these risks through law enforcement action and other government authorities. The U.S. Secret Service is committed to doing its part to safeguard the nation from illicit activity involving digital assets.

Useful Definitions

Address

Used to receive and transfer digital assets between users. Addresses are managed and stored within wallets. Addresses range in character length and type, but usually consist of long alphanumeric strings. An address is akin to an email address.

Central bank digital currencies

A form of digital money, denominated in the national unit of account, which is a direct liability of the central bank.

Cryptocurrency

Refers to a digital asset, which may be a medium of exchange, for which ownership records are generated and supported through a decentralized distributed ledger technology that relies on cryptography, such as a blockchain.

Bitcoin

A type of cryptocurrency. Payments or transfers of value made with Bitcoin are recorded in the Bitcoin blockchain and thus are not maintained by any single administrator or entity.

Blockchain

A decentralized distributed ledger technology where data is shared across network participants and the data is typically linked using cryptography to maintain the integrity of the ledger and execute other functions, including transfer of ownership or value.

Altcoin

Typically any cryptocurrency that is not Bitcoin. An altcoin can be a divergent of the Bitcoin consensus model or a cryptocurrency that is linked to other types of blockchains or proofs of work. For example, Ether is one of the most well-known altcoins and is associated with the Ethereum network.

Stablecoins

A category of digital currencies with mechanisms aimed at maintaining a stable value.

Wallet

Software programs that interface with blockchains and generate and/or store public and private keys used to send and receive cryptocurrency. A wallet address is typically a hash of a public key, and a private key is akin to a password.

Digital asset service provider

A custodian that allows users to buy, sell, store and trade digital assets. Forms of digital asset service providers include exchanges, Bitcoin ATMs and over-the-counter brokers. There are many such providers operating in the United States.

Virtual currency

A medium of exchange that can operate like currency but does not have all the traditional attributes of "real" currency, including legal tender status.

How do I report cryptocurrency and digital asset investment scams?

The Secret Service has observed a significant increase in cryptocurrency and digital asset investment scams. These scams often target victims who use social media, online dating, or professional networking platforms.

If you have been defrauded of funds through a cryptocurrency investment scam, please contact the Secret Service at CryptoFraud@SecretService.gov. For all other crimes involving the use of cryptocurrency, contact your local [Secret Service field office](#).

Disclaimer: Your responses are voluntary. Based on the information provided, you may be contacted by the Secret Service or other law enforcement entity and asked to provide additional information. The Secret Service cannot act as your attorney or provide you with legal advice. However, you may seek the advice of an attorney with respect to this or other related legal matters.

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